

TOWNSHIP OF BENTLEY
Gladwin County, Michigan

GENERAL PURPOSE FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended March 31, 2004

AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Bentley	County Gladwin
Audit Date March 31, 2004	Opinion Date August 10, 2004	Date Accountant Report Submitted to State: August 10, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government* as required by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name)
Campbell, Kusterer & Co., P.C.

Street Address
512 N. Lincoln, Suite 100, P.O. Box 686

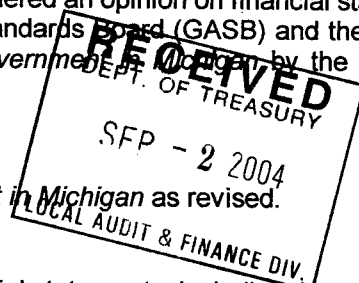
City
Bay City

State
MI

Zip
48707

Accountant Signature

Campbell, Kusterer & Co., P.C.



TOWNSHIP OF BENTLEY
Gladwin County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

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INDEPENDENT AUDITOR'S REPORT

August 10, 2004

To the Township Board
Township of Bentley
Gladwin County, Michigan

We have audited the accompanying general purpose financial statements of the Township of Bentley, Gladwin County, Michigan, as of March 31, 2004, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township of Bentley's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Township has not maintained a record of its general fixed assets and accordingly a statement of general fixed assets, required by generally accepted accounting principles is not included in the financial report.

In our opinion, except that the omission of the financial statement described above results in an incomplete presentation, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Bentley, Gladwin County, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States, except as stated above.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose

To the Township Board
Township of Bentley
Gladwin County, Michigan
August 10, 2004
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financial statements of the Township of Bentley, Gladwin County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF BENTLEY
Gladwin County, Michigan

COMBINED BALANCE SHEET – ALL FUND TYPES

March 31, 2004

EXHIBIT A

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Agency</u>
<u>Assets</u>			
Cash in bank	109 634 47	54 006 51	12 020 81
Investments	30 703 48	-	-
Taxes receivable	3 828 19	9 910 99	-
Due from other funds	<u>3 190 67</u>	<u>7 116 00</u>	<u>-</u>
Total Assets	<u>147 356 81</u>	<u>71 033 50</u>	<u>12 020 81</u>
 <u>Liabilities and Fund Equity</u>			
Liabilities:			
Accounts payable	703 70	7 257 60	-
Due to other funds	-	-	10 306 67
Due to others	-	-	1 714 14
Total liabilities	<u>703 70</u>	<u>7 257 60</u>	<u>12 020 81</u>
Fund equity:			
Fund balance:			
Unreserved:			
Undesignated	<u>146 653 11</u>	<u>63 775 90</u>	<u>-</u>
Total fund equity	<u>146 653 11</u>	<u>63 775 90</u>	<u>-</u>
Total Liabilities and Fund Equity	<u>147 356 81</u>	<u>71 033 50</u>	<u>12 020 81</u>

The accompanying notes are an integral part of these financial statements.

Total
(Memorandum
Only)

175 661 79
30 703 48
13 739 18

10 306 67

230 411 12

7 961 30
10 306 67

1 714 14

19 982 11

210 429 01

210 429 01

230 411 12

TOWNSHIP OF BENTLEY
Gladwin County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

EXHIBIT B

Page 1

	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Revenues:			
Property taxes	28 087 38	30 406 38	58 493 76
Other taxes	8 133 39	-	8 133 39
State revenue sharing	64 698 00	-	64 698 00
Charges for services:			
PTAF	5 661 04	-	5 661 04
Hall rental	3 901 00	-	3 901 00
Special assessments	-	41 030 00	41 030 00
Interest	2 052 30	-	2 052 30
Miscellaneous	<u>3 258 55</u>	<u>1 242 00</u>	<u>4 500 55</u>
Total revenues	<u>115 791 66</u>	<u>72 678 38</u>	<u>188 470 04</u>
Expenditures:			
Legislative:			
Township Board	7 074 05	-	7 074 05
General government:			
Supervisor	3 966 12	-	3 966 12
Elections	313 71	-	313 71
Assessor	6 341 52	-	6 341 52
Clerk	5 378 20	-	5 378 20
Treasurer	8 522 93	-	8 522 93
Building and grounds	10 701 87	-	10 701 87
Cemetery	670 00	-	670 00
Public safety:			
Ambulance	859 00	-	859 00
Fire protection	7 500 00	-	7 500 00
Public works:			
Sanitation	-	43 545 60	43 545 60
Roads and bridges	45 655 64	67 886 71	113 542 35
Street lights	1 794 63	-	1 794 63
Recreation:			
Parks and recreation	4 210 23	-	4 210 23

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF BENTLEY
Gladwin County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

EXHIBIT B
Page 2

	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Expenditures: (continued)			
Other:			
Social security	1 337 80	-	1 337 80
Insurance	<u>2 915 00</u>	<u>-</u>	<u>2 915 00</u>
Total expenditures	<u>107 240 70</u>	<u>111 432 31</u>	<u>218 673 01</u>
Excess (deficiency) of revenues over expenditures	<u>8 550 96</u>	<u>(38 753 93)</u>	<u>(30 202 97)</u>
Other financing sources (uses):			
Operating transfers in	-	40 846 37	40 846 37
Operating transfers out	<u>(40 846 37)</u>	<u>-</u>	<u>(40 846 37)</u>
Total other financing sources (uses)	<u>(40 846 37)</u>	<u>40 846 37</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(32 295 41)	2 092 44	(30 202 97)
Fund balances, April 1	<u>178 948 52</u>	<u>61 683 46</u>	<u>240 631 98</u>
Fund Balances, March 31	<u><u>146 653 11</u></u>	<u><u>63 775 90</u></u>	<u><u>210 429 01</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF BENTLEY
Gladwin County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GENERAL AND SPECIAL REVENUE FUNDS

Year Ended March 31, 2004

EXHIBIT C
Page 1

	<u>General Fund</u>		<u>Over</u>
	<u>Budget</u>	<u>Actual</u>	<u>(Under)</u>
			<u>Budget</u>
Revenues:			
Property taxes	26 975 00	28 087 38	1 112 38
Other taxes	8 200 00	8 133 39	(66 61)
State revenue sharing	70 000 00	64 698 00	(5 302 00)
Charges for services:			
PTAF	3 600 00	5 661 04	2 061 04
Hall rental	8 000 00	3 901 00	(4 099 00)
Special assessments	-	-	-
Interest	2 600 00	2 052 30	(547 70)
Miscellaneous	<u>1 200 00</u>	<u>3 258 55</u>	<u>2 058 55</u>
Total revenues	<u>120 575 00</u>	<u>115 791 66</u>	<u>(4 783 34)</u>
Expenditures:			
Legislative:			
Township Board	2 150 00	7 074 05	4 924 05
General government:			
Supervisor	4 292 00	3 966 12	(325 88)
Elections	400 00	313 71	(86 29)
Assessor	10 200 00	6 341 52	(3 858 48)
Clerk	5 692 00	5 378 20	(313 80)
Board of Review	500 00	-	(500 00)
Treasurer	7 992 00	8 522 93	530 93
Building and grounds	6 450 00	10 701 87	4 251 87
Cemetery	1 900 00	670 00	(1 230 00)
Public safety:			
Ambulance	859 00	859 00	-
Fire protection	7 500 00	7 500 00	-
Public works:			
Sanitation	-	-	-
Roads and bridges	45 655 64	45 655 64	-
Street lights	2 000 00	1 794 63	(205 37)
Recreation:			
Parks and recreation	4 650 00	4 210 23	(439 77)

The accompanying notes are an integral part of these financial statements.

<u>Special Revenue Fund</u>		
<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
29 198 00	30 406 38	1 208 38
-	-	-
-	-	-
-	-	-
-	-	-
41 202 00	41 030 00	(172 00)
-	-	-
-	1 242 00	1 242 00
<u>70 400 00</u>	<u>72 678 38</u>	<u>2 278 38</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
71 207 00	43 545 60	(27 661 40)
60 786 00	67 886 71	7 100 71
-	-	-
-	-	-

TOWNSHIP OF BENTLEY
Gratiot County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GENERAL AND SPECIAL REVENUE FUNDS
Year Ended March 31, 2004

EXHIBIT C
Page 2

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures: (continued)			
Other:			
Social security	3 000 00	1 337 80	(1 662 20)
Insurance	<u>2 600 00</u>	<u>2 915 00</u>	<u>315 00</u>
Total expenditures	<u>105 840 64</u>	<u>107 240 70</u>	<u>1 400 06</u>
Excess (deficiency) of revenues over expenditures	<u>14 734 36</u>	<u>8 550 96</u>	<u>(6 183 40)</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	<u>(40 846 37)</u>	<u>(40 846 37)</u>	<u>-</u>
Total other financing sources (uses)	<u>(40 846 37)</u>	<u>(40 846 37)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(26 112 01)	(32 295 41)	(6 183 40)
Fund balances, April 1	<u>26 112 01</u>	<u>178 948 52</u>	<u>152 836 51</u>
Fund Balances, March 31	<u>-</u>	<u>146 653 11</u>	<u>146 653 11</u>

The accompanying notes are an integral part of these financial statements.

<u>Special Revenue Fund</u>		
<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
-	-	-
-	-	-
<u>131 993 00</u>	<u>111 432 31</u>	<u>(20 560 69)</u>
<u>(61 593 00)</u>	<u>(38 753 93)</u>	<u>22 839 07</u>
40 846 37	40 846 37	-
-	-	-
<u>40 846 37</u>	<u>40 846 37</u>	<u>-</u>
(20 746 63)	2 092 44	22 839 07
<u>20 746 63</u>	<u>61 683 46</u>	<u>40 936 83</u>
<u>-</u>	<u>63 775 90</u>	<u>63 775 90</u>

TOWNSHIP OF BENTLEY
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Bentley, Gladwin County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14 "The Financial Reporting Entity," the general purpose financial statements of the Township contain all the Township funds and account groups that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Bentley. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Basis of Presentation

The financial activities of the local unit are recorded in separate funds and account groups, categorized and described as follows:

Governmental Funds

General Fund

This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

TOWNSHIP OF BENTLEY
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present revenues and other financing sources and, expenditures and other financial uses in net current assets.

The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual which is both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt is recognized when due.

Revenues from local sources consist primarily of property taxes. Property taxes and revenues received from the State are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Property Taxes

Property taxes are accrued in the year in which they are levied. The tax levy is recorded as deferred revenue until the subsequent year when it becomes available for use.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the County delinquent tax rolls. The Township 2003 tax roll millage rate was 3.8096 mills and the taxable value was \$15,378,970.00.

TOWNSHIP OF BENTLEY
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Fixed Assets

Purchases of general fixed assets for all funds are recorded as expenditures in the respective funds at the time of purchase. The Township has not recorded the General Fixed Assets Group of Accounts which is required by generally accepted accounting principles.

Investments

Investments are stated at market.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay and therefore, no accumulated amount has been recorded in the financial statements.

Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.

TOWNSHIP OF BENTLEY
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Postemployment Benefits

The Township provides no postemployment benefits to past employees.

Note 2 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

TOWNSHIP OF BENTLEY
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 2 – Deposits and Investments (continued)

The Township Board has designated two banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>175 661 79</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	172 497 01
Uninsured and Uncollateralized	<u>3 239 78</u>
Total Deposits	<u>175 736 79</u>

The Township's investments are categorized below to give an indication of the level of risk assumed by the Township. Risk category 1 includes those investments that meet any one of the following criteria: insured, registered, or held by the Township or its agent. Risk categories 2 and 3 include investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department (or agent) in the Township's name. Category 3 includes investments held by the counterparty or the counterparty's trust department (or agent) but not in the Township's name.

The GASB Statement No. 3 risk disclosures for the Township's investments are categorized as follows:

TOWNSHIP OF BENTLEY
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 2 – Deposits and Investments (continued)

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>Carrying Amount</u>
<u>Investment Type</u>				
Risk-Categorized: Operating Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Risk-Categorized Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Nonrisk-Categorized: Financial Institution Pooled Funds				<u>30 703 48</u>
Total Investments				<u>30 703 48</u>

The financial institution pooled funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes that the investments in the funds comply with the investment authority noted above.

Note 3 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
Garbage	3 835 49	Current Tax Collection	10 306 67
Road & Bridge	3 280 51		
General	<u>3 190 67</u>		
Total	<u>10 306 67</u>	Total	<u>10 306 67</u>

Note 4 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

TOWNSHIP OF BENTLEY
Gladwin County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 5 – Budget Variances

For the fiscal year ended March 31, 2004, Township expenditures exceeded the budgeted amounts as follows:

	<u>Final Budget</u>	<u>Total Expenditures</u>	<u>Budget Variance</u>
<u>General Fund Activity:</u>			
Township Board	2 150 00	7 074 05	4 924 05
Treasurer	7 992 00	8 522 93	530 93
Building and grounds	6 450 00	10 701 87	4 251 87
Insurance	2 600 00	2 915 00	315 00
<u>Road and Bridges Fund Activity:</u>			
Roads and bridges	60 786 00	67 886 71	7 100 71

Note 6 – Pension Plan

The Township does not have a pension plan.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts, and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 8 – Total Columns on Combined Statements--Overview

The total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, because interfund eliminations have not been made in the aggregation of this data.

TOWNSHIP OF BENTLEY
Gladwin County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2004

EXHIBT D
Page 1

Township Board:	
Wages – Trustees	2 854 23
Wages – Board of Review	1 127 70
Dues	349 31
Supplies	225 90
Miscellaneous	<u>2 516 91</u>
	<u>7 074 05</u>
Supervisor:	
Salary – Supervisor	3 544 56
Miscellaneous	<u>421 56</u>
	<u>3 966 12</u>
Elections:	
Miscellaneous	<u>313 71</u>
Assessor:	
Contracted services	5 017 52
Supplies	<u>1 324 00</u>
	<u>6 341 52</u>
Clerk:	
Salary	4 742 40
Miscellaneous	<u>635 80</u>
	<u>5 378 20</u>
Treasurer:	
Salary – Treasurer	4 842 36
Salary – Deputy treasurer	575 00
Supplies	1 695 00
Miscellaneous	<u>1 410 57</u>
	<u>8 522 93</u>
Building and grounds:	
Wages	1 863 52
Repairs and maintenance	2 739 69
Utilities	3 703 98
Contracted services	900 00
Supplies	<u>1 494 68</u>
	<u>10 701 87</u>
Cemetery:	
Miscellaneous	<u>670 00</u>
Ambulance:	
Contracted services	<u>859 00</u>
Fire protection:	
Contracted services	<u>7 500 00</u>

TOWNSHIP OF BENTLEY
Gladwin County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2004

EXHIBT D
Page 2

Roads and bridges:	
Contracted services	<u>45 655 64</u>
Parks and recreation:	
Repairs and maintenance	598 81
Wages	1 984 55
Utilities	191 86
Miscellaneous	<u>1 435 01</u>
	<u>4 210 23</u>
Street lights:	
Utilities	<u>1 794 63</u>
Social security	<u>1 337 80</u>
Insurance	<u>2 915 00</u>
Total Expenditures	<u>107 240 70</u>

TOWNSHIP OF BENTLEY
Gladwin County, Michigan

COMBINING BALANCE SHEET – ALL SPECIAL REVENUE FUNDS

EXHIBT E

March 31, 2004

	<u>Garbage</u>	<u>Road & Bridge</u>	<u>Total</u>
<u>Assets</u>			
Cash in bank	24 019 85	29 986 66	54 006 51
Taxes receivable	6 174 51	3 736 48	9 910 99
Due from other funds	<u>3 835 49</u>	<u>3 280 51</u>	<u>7 116 00</u>
Total Assets	<u>34 029 85</u>	<u>37 003 65</u>	<u>71 033 50</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	<u>7 257 60</u>	<u>-</u>	<u>7 257 60</u>
Total liabilities	<u>7 257 60</u>	<u>-</u>	<u>7 257 60</u>
Fund equity:			
Fund balances:			
Unreserved:			
Undesignated	<u>26 772 25</u>	<u>37 003 65</u>	<u>63 775 90</u>
Total fund equity	<u>26 772 25</u>	<u>37 003 65</u>	<u>63 775 90</u>
Total Liabilities and Fund Equity	<u>34 029 85</u>	<u>37 003 65</u>	<u>71 033 50</u>

TOWNSHIP OF BENTLEY
Gladwin County, Michigan

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL SPECIAL REVENUE FUNDS EXHIBIT F
Year Ended March 31, 2004

	<u>Garbage</u>	<u>Road & Bridge</u>	<u>Total</u>
Revenues:			
Property taxes	-	30 406 38	30 406 38
Special assessments	41 030 00	-	41 030 00
Miscellaneous	<u>-</u>	<u>1 242 00</u>	<u>1 242 00</u>
Total revenues	<u>41 030 00</u>	<u>31 648 38</u>	<u>72 678 38</u>
Expenditures:			
Public works:			
Sanitation	43 545 60	-	43 545 60
Roads and bridges	<u>-</u>	<u>67 886 71</u>	<u>67 886 71</u>
Total expenditures	<u>43 545 60</u>	<u>67 886 71</u>	<u>111 432 31</u>
Excess (deficiency) of revenues over expenditures	<u>(2 515 60)</u>	<u>(36 238 33)</u>	<u>(38 753 93)</u>
Other financing sources (uses):			
Operating transfers in	<u>-</u>	<u>40 846 37</u>	<u>40 846 37</u>
Total other financing sources (uses)	<u>-</u>	<u>40 846 37</u>	<u>40 846 37</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(2 515 60)	4 608 04	2 092 44
Fund balances, April 1	<u>29 287 85</u>	<u>32 395 61</u>	<u>61 683 46</u>
Fund Balances, March 31	<u><u>26 772 25</u></u>	<u><u>37 003 65</u></u>	<u><u>63 775 90</u></u>

TOWNSHIP OF BENTLEY
Gladwin County, Michigan

CURRENT TAX COLLECTION FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
Year Ended March 31, 2004

EXHIBIT G

	<u>Balance</u> <u>4/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/04</u>
<u>Assets</u>				
Cash in bank	<u>4 154 57</u>	<u>428 302 59</u>	<u>420 436 35</u>	<u>12 020 81</u>
<u>Liabilities</u>				
Due to other funds	-	104 631 89	94 325 22	10 306 67
Due to others	<u>4 154 57</u>	<u>323 670 70</u>	<u>326 111 13</u>	<u>1 714 14</u>
Total Liabilities	<u>4 154 57</u>	<u>428 302 59</u>	<u>420 436 35</u>	<u>12 020 81</u>

TOWNSHIP OF BENTLEY
Gladwin County, Michigan

CURRENT TAX COLLECTION FUND
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
Year Ended March 31, 2004

EXHIBIT H

Cash in bank – beginning of year	<u>4 154 57</u>
Cash receipts:	
Property taxes	428 202 83
Interest income	<u>99 76</u>
Total cash receipts	<u>428 302 59</u>
Total beginning balance and cash receipts	<u>432 457 16</u>
Cash disbursements:	
Township General Fund	29 883 62
Township Road and Bridge Fund	26 881 60
Township Garbage Fund	37 560 00
Gladwin County	201 214 80
Pinconning Area Schools	56 679 65
Bay Arenac Intermediate School District	66 763 12
Refunds	<u>1 453 56</u>
Total cash disbursements	<u>420 436 35</u>
Cash in Bank – End of Year	<u>12 020 81</u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MARK J. CAMPBELL, CPA
KENNETH P. KUSTERER, CPA

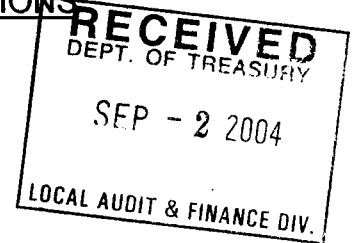
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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

August 10, 2004

To the Township Board
Township of Bentley
Gladwin County, Michigan



We have audited the financial statements of the Township of Bentley, for the year ended March 31, 2004. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Bentley in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

To the Township Board
Township of Bentley
Gladwin County, Michigan

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

To the Township Board
Township of Bentley
Gladwin County, Michigan

GASB 34 IMPLEMENTATION

The Governmental Accounting Standards Board issued a new reporting model for governmental units which is to be implemented over the next few years. The implementation date of this pronouncement for the Township of Bentley will begin with the year ended March 31, 2004, and will need to be implemented fully by March 31, 2005. The daily operations and recording transactions should not change significantly, however, the Township will be required to maintain additional records for the year end adjustments to the final presentation format.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2004.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants